


Chairman Linda W. Cropp


Councilmember David A. Catania


Councilmember Kevin P. Chavous

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To provide, on a temporary basis, that prior to the issuance of a building permit for new residential construction on unstable soil a developer provide a letter of credit and prior to the first conveyance of title to a residential unit constructed on unstable soil the developer procure and keep in force for five years a bond running to the benefit of the purchaser.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Bond Requirement for New Residential Property Construction on Unstable Soil Temporary Act of 2002".

Sec. 2. Definitions.

For purposes of this act, the term:

- (1) "Conveyance" means the transfer of title to real property by written instrument.
- (2) "Developer" means a person that undertakes to develop a real estate project.
- (3) "Mayor" means the Mayor of the District of Columbia.
- (4) "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the foregoing acting in concert.

(5) "Structural defect" means a defect that reduces the stability or safety of the structure below standards commonly accepted in the real estate market, or restricts the normally intended use of all or part of the structure and which requires repair, renovation, restoration, or replacement. Nothing in this definition shall be construed to make the developer responsible for any items of routine maintenance relating to the residential unit.

(6) "Unstable soil" means soil defined as Keyport-Urban land complex (KmB) as designated by the Soil Survey of the District of Columbia and as shown on the Soil Maps of the District of Columbia, and unstable soil specifically designated as such by the Mayor.

Sec. 3. Bond requirement for new residential construction on unstable soil.

(a) Prior to the issuance of a building permit by the Mayor to construct a new residential unit on unstable soil, the developer seeking the building permit shall demonstrate to the Mayor through a letter of credit its ability to satisfy subsection (b) of this section.

(b) Prior to the first conveyance of a newly constructed residential unit built on unstable soil to a purchaser, the developer shall procure and keep in force a bond running to the benefit of the initial purchaser and their successors to protect the purchaser and their successors against financial loss by reason of:

(1) Any structural defect resulting from the unstable soil; or

(2) The failure of the developer, or other person acting on behalf of the developer, to observe any law, regulation, or permit conditions in force at the time of construction in the District; or

(3) Loss of property value or other damages resulting from the unstable soil.

(c) The bond shall be posted with the Mayor in the amount of 100% of the purchase price

of the new residential unit and shall remain in force for five years after the date of the first conveyance of the new residential unit.

(d) If claims for damages under this section are pending at the time the bond would otherwise no longer be required, then the bond shall be required to be maintained in the amount of the claims, until the claims have been finally resolved and the bond has been made available to satisfy the developer's responsibilities to the residential unit owners.

Sec. 4. Applicable date.

This act shall apply as of April 9, 2002.

Sec. 5. Fiscal impact statement.

The Council adopts the attached fiscal impact statement as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 6. Effective date.

(a) This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

(b) This act shall expire on the 225th day after its having taking effect.